

Employers Betting Against the Lives of Employees Would Face Criminal Penalties

September 30, 2009

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FOR IMMEDIATE RELEASE

(Washington DC) Today, Rep. Luis V. Gutierrez (D-IL) will introduce legislation to prohibit any company from betting against the lives of its employees through corporate-owned life insurance policies.

"Every day, 14,000 people in this country lose their health insurance; but instead of investing in the health, life and longevity of its employees, much of Corporate America is investing its resources in the deaths of its employees," said Rep. Gutierrez.

As highlighted in Michael Moore's new film, "Capitalism: A Love Story," a corporation is allowed to take out life insurance on its employees —often without their knowledge or consent— and cash in, in the event of their death. These policies are being taken out on American workers ranging from top-level CEOs to janitors and factory workers. The only beneficiary of these countless policies is the company itself.

"A company should benefit when it invests in the well being or education of its employees," said Rep. Gutierrez. "A company should never benefit when it instead gambles on the demise of its employees. My bill is intended to reverse this fundamentally backwards set of priorities. This is about human capital."

The Employer Owned Life Insurance Limitation Act would unequivocally prohibit the practice of

taking out employer-owned life insurance on any employee. The single exception pertains to those individuals making \$1 million or more in salary, whose death would pose significant financial risk to the company. For such individuals, a company would have 30 days to notify the employee of the policy. Should the employee move on to another job, the company would have 30 days to cancel the policy. This will stop the practice of taking out policies without an employee's knowledge and maintaining them long after the employee has moved on to another company.

Any employer who takes out a policy on an employee earning less than \$1 million in salary may be found guilty of a misdemeanor, fined \$500,000 and imprisoned for up to one year. Any employee, or the family of a deceased employee, who has had a policy taken out on his or her life, in violation of these provisions, would also have grounds to bring civil action against the employer. The family or employee would be entitled to either \$500,000 OR three times the amount of benefits specified in the insurance policy, whichever is greater.

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